RECORD AND BRIEFS

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In The

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, et al.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF OF PROFESSOR DMITRY KARSHTEDT AS *AMICUS CURIAE* SUPPORTING PETITIONER

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INTEREST OF *AMICUS CURIAE*

Amicus is a full-time law professor who has published several articles exploring the relationship between patent law and tort law. This brief describes the historic connection between patent infringement and common-law trespass, and addresses the bearing of this connection on the question presented.[1]

SUMMARY OF THE ARGUMENT

Petitioner Oil States Energy Services sued respondent Greene's Energy Group in a district court on several counts, including patent infringement. Greene's then petitioned the U.S. Patent and Trademark Office (PTO) to challenge the validity of the patent claims asserted in the litigation. The PTO cancelled the claims, and the Court of Appeals for the Federal Circuit summarily affirmed that determination. Had this Court not granted certiorari, the petitioner's patent infringement cause of action would have been extinguished by the PTO's decision.

The error made by the Federal Circuit in the opinions that bound the court in the instant case, and repeated by respondents in certiorari briefing, lies in the attempt to classify patents as either public or private

[1] No counsel for a party authored this brief in whole or in part and no counsel or a party made a monetary contribution intended to fund the preparation or submission of this brief. The parties have all consented to this filing, and the consents are on file with the Clerk.

rights in a categorical manner – that is, in isolation from any particular cause of action. This framing is improper because, under this Court's precedents, the question whether a case involves a private right that must be adjudicated by an Article III tribunal relates to a particular legal action or claim, not the underlying privilege or property interest. Under the correct approach, which takes into account the context in which the PTO makes its invalidity decisions, the *Inter Partes* Review (IPR) statute at issue in this case should be held unconstitutional because it empowers an agency to resolve a claim of private right: an action for patent infringement.

The cause of action for patent infringement is a private right because it has long been recognized as a species of trespass claim by which the plaintiff typically seeks, among other remedies, monetary relief for past harm from another private party. Because of its historic characterization as a trespass, infringement has a close kinship to common-law claims that this Court has recognized as private rights that cannot be adjudicated outside Article III courts.

Invalidity is one of several, enumerated affirmative defenses that a defendant in a patent case may plead in response to an allegation of patent infringement. The IPR statute effectively removes this affirmative defense to infringement from Article III courts, and empowers the Patent Trial and Appeal Board (PTAB), an arm of the PTO, to decide it. In many cases, including one involving these very litigants, a determination of invalidity by the PTAB has extinguished

parallel district court actions for patent infringement. This delegation of judicial power over such causes of action to a body that is not a part of the judiciary, and not an adjunct to an Article III court, is constitutionally forbidden by this Court's precedents.

The IPR statute offends the doctrine of separation of powers for another, closely related reason: It effectively grants to the PTAB the power to direct that pending cases be dismissed. Although Congress can constitutionally abate extant claims by amending applicable law while the litigation is pending, Congress in this case delegated to an agency the power to extinguish a claim by adjudicating an affirmative defense in favor of a defendant. Because the PTAB here fully resolved a claim concurrently pending in a district court, it violated the rule that coordinate branches cannot direct Article III courts to dispose of specific cases in a particular way.

The doctrine of separation of powers exists in part to prevent abuses that might eventuate if claims of private rights are adjudicated outside Article III courts. By empowering the Executive Branch to resolve such disputes in the patent infringement context, the IPR statute weakens Article III safeguards of impartial adjudication, and therefore contravenes separation of powers principles.

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ARGUMENT

I. Adjudication Of Claims Of Private Rights Is The Exclusive Province Of The Judiciary.

Article III requires that claims of private rights be adjudicated in Article III courts. *Stern v. Marshall*, 564 U.S. 462, 488-92 (2011) (collecting cases). As this Court explained, a "private right" is one that implicates "the liability of one individual to another under the law as defined." *Id.* at 489 (quoting *Crowell v. Benson*, 285 U.S. 22, 50, 51 (1932)). Although this Court allowed certain claims involving private parties to be adjudicated by specialized tribunals, *e.g.*, *Thomas v. Union Carbide Agric. Prods. Co.*, 473 U.S. 568 (1985), claims sounding in common law are core private rights that have historically been, and must continue to be, resolved in Article III courts. *Stern*, 564 U.S. at 497-99 (tortious interference claims must be adjudicated in an Article III court); *Granfinanciera, S.A. v. Nordberg*, 492 U.S. 33, 43-46 (1989) (same for fraudulent conveyance); *N. Pipeline Constr. Co. v. Marathon Pipe Line Co.*, 458 U.S. 50, 71-72 (1982) (plurality op.) (same for breach of contract).

In opposing certiorari, neither respondent disputes that claims of private rights must be adjudicated in the Judicial Branch. Rather, both contend that the PTAB adjudications at issue in this case fall under the "public rights" exception to this requirement because patent rights are granted by the government. Greene's BIO at 6-7 (citing *Murray's Lessee v. Hoboken Land & Improvement Co.*, 59 U.S. (18 How.) 272, 284 (1855);

Thomas, 473 U.S. at 587); Fed. BIO at 8-9. In so doing, respondents repeat the error of the Federal Circuit in *MCM Portfolio LLC v. Hewlett-Packard Co.*, 812 F.3d 1284 (2015), *cert. denied*, 137 S. Ct. 292 (2016), by imagining that the PTAB's patent invalidation decisions exist in isolation from infringement litigation. Respondents and the Federal Circuit overlook the fact that, in both structure and practice, the IPR statute charges the PTAB with deciding important, often dispositive questions in cases involving private rights.

In contrast, petitioner correctly notes that "*patent infringement cases* – complete with invalidity defenses – were 'traditional actions at common law' and therefore 'the responsibility for deciding that [type of] suit rests,' if not with juries then at a minimum, 'with Article III judges in Article III courts.'" Petition for a Writ of Certiorari at 19 (alteration in original) (emphasis added) (quoting *Stern*, 564 U.S. at 498 (quoting *N. Pipeline*, 458 U.S. at 90 (Rehnquist, J., concurring in the judgment))). Under petitioner's proper framing of the Article III question, the IPR statute creates a fatal separation of powers problem because it enables an agency to usurp the exclusive power of the judiciary to adjudicate claims of private rights.

II. Patent Infringement Is A Claim Of Private Right.

A. Patent Infringement Claims Sound In Common-Law Trespass, A Private Right.

A suit for patent infringement involves the determination of one party's liability to another, *see* 35 U.S.C. §§ 271, 281 (2012), and patent infringement claims have long been the province of the judiciary. Patent disputes, including validity challenges as defenses to claims of infringement, have been heard in courts since the first federal patent laws, *see* Act of Apr. 10, 1790, ch. 7, §§ 4-5, 1 Stat. 109, 111 (1790), and one can easily trace the "descent of today's patent infringement action from the infringement actions tried at law in the 18th century." *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996).

Patent law has a historic kinship to common-law trespass, both in the sense of writs of trespass and trespass on the case that constitute the foundation for modern tort law, *see Brown v. Kendall*, 60 Mass. 292, 295 (1850), and of the property torts of the same name. "Trespass, and the role of writs as the basis for trespass actions, played a key role in early understandings of patent infringement liability." Lynda J. Oswald, *The "Strict Liability" of Direct Patent Infringement*, 19 Vand. J. Ent. & Tech. L. 993, 1000 (2017). This connection is not merely a similarity, but a substantive link that has done real work in the law of patents. For example, the 1870 Patent Act stated that "damages for the infringement of any patent may be recovered *by action on the case*." Act of July 8, 1870, ch. 230, § 59, 16

Stat. 198, 207 (1870) (emphasis added); *see* 3 William C. Robinson, *The Law of Patents for Useful Inventions* § 992, at 203 (1890) (comparing pleadings in patent cases to those "in other common-law actions"); *id.* § 1082, at 392 (noting that "[t]he acts of Congress, prior to 1819, made no provision for any suit in equity by the owner of the patent . . . *in connection with his action for damages at common law*") (emphasis added).[2]

Reflecting these common-law roots, examples of treatment of patent infringement as trespass abound. A nineteenth-century treatise classified patent infringement as a species of "particular torts," explaining that "infringement . . . is a wrongful act, in the nature of a trespass," and noting that "of course the defendant in any such action or suit may plead the invalidity of the patent." Arthur Underhill *et al.*, *Principles of the Law of Torts; or, Wrongs Independent of Contract* 612, 652, 653 (1st American ed. from 2d English ed., Albany, William Gould & Son 1881) (quoting *Union Sugar Refinery v. Mathiesson*, 24 F. Cas. 686, 689 (C.C.D. Mass. 1865) (No. 14,399) (Clifford, Circuit Justice) (charging the jury)). An 1856 circuit court decision explained that "[t]he infringement of a patent is a tort; but as the

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[2] In contrast to the 1870 Act, the Patent Act of 1793 referred to "trespass on the case *founded on this act*." Act of Feb. 21, 1793, ch. 11, § 5, 1 Stat. 318, 322 (1793) (emphasis added). Understood in conjunction with the Robinson treatise, this additional language must refer to the statutory source of the property right that the common-law writ of trespass on the case was meant to vindicate. In addition, as the absence of the "founded on this act" phase in the parallel provision of the 1870 Act confirms, a plaintiff's ability to enforce its patent did not turn on that language.

wrongful act is not committed with direct force, and the injury is the indirect effect of the wrongful act of the defendant, the form of action is that description of tort called 'trespass on the case.'" *Stein v. Goddard*, 22 F. Cas. 1233 (C.C.D. Cal. 1856) (No. 13,353); *see also Thomson-Houston Elec. Co. v. Ohio Brass Co.*, 80 F. 712, 721 (6th Cir. 1897) ("An infringement of a patent is a tort analogous to trespass or trespass on the case."). These are but a few examples; a large number of nineteenth-century cases describe infringement as a species of trespass. *See* Adam Mossoff, *Who Cares What Thomas Jefferson Thought About Patents? Reevaluating the Patent "Privilege" in Historical Context*, 92 Cornell L. Rev. 953, 993 & n.192 (2007) (collecting cases).

Consistent with this history, this Court has long discussed patent infringement in trespassory terms. For example, in *Continental Paper Bag Co. v. Eastern Paper Bag Co.*, the Court referred to remedies for patent infringement as "reparation for the trespass." 210 U.S. 405, 430 (1908). In *Carbice Corp. v. American Patents Development Corp.*, the Court stated that "[i]nfringement, whether direct or contributory, is essentially a tort, and implies invasion of some right of the patentee." 283 U.S. 27, 33 (1931); *see also Dowagiac Mfg. Co. v. Minn. Moline Plow Co.*, 235 U.S. 641, 648 (1915) ("[T]he exclusive right conferred by the patent was property and the infringement was a tortious taking of a part of that property. . . ."). Thus, although *patents* are granted by an agency created by Congress, the infringement *cause of action* is closely linked to actions at common law. Patent infringement is a claim to

vindicate a property right by an action deriving from the writ of trespass, and is the patent counterpart of the trespassory property torts.

Once this connection to common-law trespass is recognized, the die is cast: This Court has never suggested that one private party's claim of trespass against another could be adjudicated within the Executive Branch. To the contrary, the Court in *Murray's Lessee* made clear that "we do not consider congress can either withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty." 59 U.S. (18 How.) at 284.

B. Patent Infringement Claims Bear Little Resemblance To Causes Of Action That Have Qualified For The Public Rights Exception.

The close relationship between claims of patent infringement and claims of trespass comes into focus when infringement is contrasted with causes of action that *have* qualified for the public rights exception. For example, claims for compensation under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA), *see Thomas*, 473 U.S. at 582-83, lack connection in form or history to claims known to common law. Unlike the Patent Act, FIFRA is a modern regulatory statute that implemented "an essentially legislative function" of "ratemaking," which Congress accomplished by authorizing subsidies for firms that submitted research

data to the federal government via a system that "permits the parties to fix the amount of compensation, with binding arbitration to resolve intractable disputes." *Id.* at 590 (citing *St. Joseph Stockyards Co. v. United States*, 298 U.S. 38, 49-53 (1936)). Similarly, in upholding a commission's power to set reasonable rents and regulate rights of landlords *vis a vis* holdover tenants, this Court observed that "if public interest be established the regulation of rates is one of the first forms in which it is asserted. . . ." *Block v. Hirsh*, 256 U.S. 135, 157 (1921) (cited in *Thomas*, 473 U.S. at 589). Indeed, the government has numerous statutory compensation schemes – the Social Security system, for example – that are just as far removed from common law causes of action as they are from a claim of patent infringement. *See* 42 U.S.C. § 405(g) (2015) (providing for deferential judicial review of the decisions of the Commissioner of Social Security).

As another example, the Treasury Department's issuance of a distress warrant to recover property purchased with federal funds embezzled by a customs officer also lacked any antecedent private cause of action under the common law. *See Murray's Lessee*, 59 U.S. at 284. This Court concluded that Article III courts were not constitutionally required to issue such warrants based on historical practice in England and the constitutional commitment to Congress of the power to lay and collect taxes, which Congress had authorized the Executive Branch to bring into effect via appointment of customs officers. *Id.* at 281-82. Likewise, in *Ex Parte*

Bakelite Corp., this Court allowed the Court of Customs Appeals to adjudicate appeals of the Tariff Commission's exclusion orders after observing that this legislative court "was created by Congress in virtue of its power to lay and collect duties on imports and to adopt any appropriate means of carrying that power into execution." 279 U.S. 438, 458 (1929). The Court explained that "[t]he full province of the [customs] court under the act creating it is that of determining matters arising between the Government and others in the executive administration and application of the customs laws" and noted that the customs court was empowered to decide "matters the determination of which may be, and at times has been, committed exclusively to executive officers." *Id.* Finally, as this Court in *Crowell* observed in its discussion of *Murray's Lessee*, claims relating to immigration status and veterans benefits would similarly be committed to Executive and Legislative Branches. 285 U.S. at 51. None of these claims resemble causes of action at common law.

As these cases illustrate, the question of whether a right at issue is public or private turns on the nature of the cause of action being adjudicated, not on the type of the underlying property interest in the abstract. Thus, while the Treasury Department could constitutionally issue distress warrants with respect to land, it could not adjudicate causes of action relating to that same land sounding in common law, such as trespass. *Cf.* Caleb Nelson, *Adjudication in the Political Branches*, 107 Colum. L. Rev. 559, 588-89 (2007) (discussing *Murray's Lessee* and concluding that "even if the traditional

power of taxation enabled the government to take authoritative actions adverse to core private rights without any 'judicial' involvement, and even if the power of eminent domain was cut from the same cloth in some respects, these deviations from the traditional framework were quite limited. Whatever their precise contours, they did not spill over to the broad areas of governmental authority that nineteenth-century jurists grouped under the loose rubric of the 'police power.'"). *But see* Greene's BIO at 7 (stating that "[p]atents are quintessential public rights" without considering the context of infringement litigation); Fed. BIO at 9 (same). A cause of action for patent infringement, a tort-like claim between private parties, cannot be fairly analogized to a ratemaking, a distress warrant, or a claim for compensation from the government, and therefore belongs only in an Article III court.[3]

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[3] This Court allowed adjudication of a common-law claim, sounding in contract, in a non-Article III tribunal in *Commodity Futures Trading Commission v. Schor*, 478 U.S. 833 (1986). In *Schor*, however, respondent consented to resolution of that claim in the very tribunal he was complaining about, and this Court's later cases emphasized *Schor*'s consent rationale. *See Wellness Int'l Network, Ltd. v. Sharif*, 135 S. Ct. 1932, 1939 (2015); *Granfinanciera*, 492 U.S. at 59 n.14 ("The [*Schor*] Court reached this conclusion . . . on the ground that Congress did not require investors to avail themselves of the remedial scheme over which the Commission presided. The investors could have pursued their claims, albeit less expeditiously, in federal court. By electing to use the speedier, alternative procedures Congress had created, the Court said, the investors waived their right to have the state-law counterclaims against them adjudicated by an Article III court."); Ralph Brubaker, *Non-Article III Adjudication: Bankruptcy and Nonbankruptcy, With and Without Litigant Consent*, 33 Emory

III. Invalidity Is An Affirmative Defense To A Claim For Patent Infringement, Which Congress Has Unconstitutionally Delegated To An Agency To Resolve.

A. Invalidity Is Inextricably Tied To Claims For Patent Infringement In District Courts.

1. Invalidity, Which The IPR Statute Empowers The PTAB To Resolve, Can Be Charged In Patent Cases Only If There Is Actual Or Threatened Infringement.

Under the Patent Act, invalidity is an "affirmative defense" to a claim for patent infringement. *Commil USA, LLC v. Cisco Sys., Inc.*, 135 S. Ct. 1920, 1929 (2015); 35 U.S.C. § 282(b)(2) (2012). Accordingly, if established, invalidity precludes the defendant's liability to the plaintiff in an infringement case, and so resolves "the liability of one individual to another under the law as defined." *Crowell*, 285 U.S. at 51.

Although invalidity can also be styled as a "counterclaim," *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 96 (1993), it is not a separate cause of action. Invalidity can be asserted at the outset of a patent case

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Bankr. Dev. J. 11, 39 (2016) ("[T]he Court has never upheld as constitutionally valid, in the face of a clear constitutional challenge thereto, a final judgment non-Article III bankruptcy adjudication without consent of the litigants.") (emphasis removed). In the instant case, there was no consent to PTAB adjudication. Petitioner chose the forum of a district court to pursue its patent infringement claim.

only to counter a charge of infringement or as a claim for relief under the Declaratory Judgment Act, and the party asserting invalidity must face at least a "threatened enforcement action," *i.e.*, a suit for infringement. *MedImmune, Inc. v. Genentech, Inc.*, 549 U.S. 118, 130 (2007). In the absence of "adverse legal interests" between parties arising from an actual or threatened infringement claim, there is no case or controversy, and a district court has no subject matter jurisdiction over an assertion of invalidity. *Id.* at 127 (citations omitted). Invalidity defenses and counterclaims in district courts are thus inextricably tied to claims of infringement. *See Organic Seed Growers & Trade Ass'n v. Monsanto Co.*, 718 F.3d 1350, 1359 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct. 901 (2014) (declaratory judgment plaintiff must allege "significant, concrete steps to conduct infringing activity") (citation omitted); *Arris Grp., Inc. v. British Telecommc'ns PLC*, 639 F.3d 1368, 1381 (Fed. Cir. 2011) (finding subject matter jurisdiction based on an "implied assertion" that the declaratory judgment plaintiff "was committing . . . infringement").

The IPR statute empowers the PTAB to decide questions of validity in an adversarial proceeding in the shadow of a district court. The effect of patent invalidation at the PTAB on court proceedings is that "the patentee's cause of action is extinguished and the suit fails." *Fresenius USA, Inc. v. Baxter Int'l, Inc.*, 721 F.3d 1330, 1340 (Fed. Cir. 2013), *cert. denied*, 134 S. Ct.

2295 (2014);[4] *see also Cuozzo Speed Techs., LLC v. Lee*, 136 S. Ct. 2131, 2143 (2016) ("[A] decision to cancel a patent normally has the same effect as a district court's determination of a patent's invalidity."). The IPR proceeding, therefore, in operation allows the PTAB to take the adjudication of an affirmative defense to a private-right claim out of the courts and, in so doing, vests resolution of the action for infringement in an administrative agency.

The close connection between assertions of invalidity in district courts and at the PTAB is reflected in the IPR statute itself, which precludes IPR institution if the potential defendant in an infringement suit "filed a civil action challenging the validity of a claim of the patent." 35 U.S.C. § 315(a)(1) (2012); *see also id.* § 315(a)(2). Moreover, Congress spelled out the relationship between IPR and future infringement actions, *id.* § 315(c), and provided for appellate review of the PTAB's decisions on the assumption that the petitioner would, as a party facing an actual or potential infringement suit, have standing to appeal the PTAB's confirmation of the patentability of the claims at issue, *id.* § 319.[5] Finally, a closely related statute setting

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[4] This case dealt with another type of PTO post-issuance proceeding, but the suit-extinguishing effect of patent invalidations during IPR is the same.

[5] This statutory design raises serious Article III problems of another kind in those rare cases in which an IPR petitioner is *not* facing a threatened enforcement action. *See Consumer Watchdog v. Wis. Alumni Research Found.*, 753 F.3d 1258, 1262 (Fed. Cir. 2014), *cert. denied*, 135 S. Ct. 1401 (2015) (analyzing the predecessor to the IPR statute and concluding that, given the absence

forth so-called "Post-Grant Review," adopted in the same legislation as IPR, explicitly ties PTAB actions to assertions of invalidity defenses in district court. It states that "[a] petitioner . . . may request to cancel as unpatentable 1 or more claims of a patent on any ground that could be raised under paragraph (2) or (3) of section 282(b)," the Patent Act's "Defenses" section. *Id.* § 321(b). Although "the purpose of the [IPR] proceeding is not quite the same as the purpose of district court litigation," *Cuozzo*, 136 S. Ct. at 2144, statutory design reveals a close tie between the two.

Thus, as a matter of Article III standing and statutory structure, private allegations of invalidity are inextricably linked to claims of infringement. The function of invalidity determinations is often to resolve these claims.

2. PTAB Proceedings Typically Take Place In Parallel With Litigation.

The connection between allegations of infringement and assertions of validity is borne out in the experience of the PTAB. The typical IPR takes place in the shadow of a district court, thus enabling the PTAB to moot the entire patent case by resolving the defense of invalidity. Parallel proceedings that might lead to such results were explicitly contemplated by Congress, 35 U.S.C. § 315, and are the norm in practice. A recent

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of adversity of legal interests between patentee and petitioner, petitioner lacked Article III standing to appeal its PTAB loss to the Federal Circuit).

empirical study found that approximately 70% of IPR petitioners have challenged before the PTAB the same patents that they had been accused of infringing in district courts. Saurabh Vishnubhakat *et al.*, *Strategic Decisionmaking in Dual PTAB and District Court Proceedings*, 31 Berkeley Tech. L.J. 45, 73 (2016) ("We find that, overall, [Covered Business Method] and IPR petitions are in fact predominantly assertions of the petitioners' own direct interests with respect to infringement liability on the particular patent being challenged.").

The developments that brought the instant case to this Court are typical and illustrative. Petitioner Oil States sued respondent Greene's for patent infringement in a district court and sought monetary and injunctive relief. Complaint at 6-7, 12-13, *Oil States Energy Servs., LLC v. Trojan Wellhead Protection, Inc. and Greene's Energy Grp., LLC*, No. 6:12-cv-00611-RWS (E.D. Tex. Sept. 10, 2012), ECF No. 1. The trial judge construed the asserted claims and denied Greene's motion for summary judgment of invalidity of the claims under 35 U.S.C. § 112(b), 2014 WL 12360946 (E.D. Tex. June 23, 2014), discovery closed, and the date for jury trial was set, ECF No. 173 (Mar. 16, 2015). Greene's, however, had filed a petition for an IPR. In an administrative ruling that was summarily affirmed by the Federal Circuit, the PTAB invalidated the very patent claims that Oil States had alleged Greene's was infringing. *Greene's Energy Grp., LLC v. Oil States Energy Servs., LLC*, Case IPR2014-00216, 2015 WL

2089371 (Patent Tr. & App. Bd. May 1, 2015), *aff'd*, 639 Fed. App'x 639 (Fed. Cir. 2016) (mem.). In so doing, the PTAB effectively resolved the infringement case in favor of Greene's, and the patent suit would have been fully extinguished had this Court not granted certiorari in this case.

Given the commonality of these parallel proceedings, the prospect of conflicting decisions between the agency and Article III courts is real. And when the PTAB and the courts reach opposing conclusions with respect to validity, the agency supersedes the courts. For example, as long as the district court has issues left to address in a case and all the appeals have not been resolved,[6] the PTAB's decision to invalidate a patent can wipe out a judgment for past monetary damages, even if that judgment was affirmed by the Federal Circuit in a prior opinion. *Fresenius*, 721 F.3d at 1340-44. Moreover, the PTAB's invalidity decision can undo a judgment of contempt against an infringer for disregarding an injunction, as long as the injunction was not final. *ePlus, Inc. v. Lawson Software, Inc.*, 789 F.3d 1349, 1356-58 (Fed. Cir. 2015), *cert. denied*, 136 S. Ct. 1166 (2016).[7]

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[6] *See* Paul R. Gugliuzza, *(In)valid Patents*, 92 Notre Dame L. Rev. 271, 295-307 (2016) (discussing the "absolute finality" rule).

[7] Questioning this result, a dissent filed in *ePlus* explained that the dual-track system "encourages defendants to scrap and fight to keep underlying litigation pending in the hope that they will fare better with the PTO and then be able to unravel the district court judgment against them." *ePlus, Inc. v. Lawson Software, Inc.*, 790 F.3d 1307, 1314 (Fed. Cir. 2015) (Moore, J., dissenting

3. By Resolving Invalidity, The PTAB Takes Infringement Suits Away From District Courts.

In creating the IPR system, Congress dissected a cause of action that is rooted in the common law and has long been the exclusive province of the judiciary, and vested a particular aspect of that cause of action, the affirmative defense of invalidity, in an agency. Once the PTAB establishes invalidity, it does not matter what conclusion the courts have reached with respect to validity or infringement of the same patent in a case between the same parties – the suit is resolved in favor of the defendant.[8] *Cf. Fresenius*, 721 F.3d at 1339 ("[T]he language and legislative history of the reexamination statute show that Congress expected reexamination to take place concurrent with litigation, and that cancellation of claims during reexamination would be binding in concurrent infringement litigation.").[9] Such a scheme – which renders a district court a mere adjunct to the PTAB in the resolution of a claim

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from denial of rehearing en banc); Peggy P. Ni, *Rethinking Finality in the PTAB Age*, 31 Berkeley Tech. L.J. 557, 586 (2016) ("[A]lleged infringers are incentivized to prolong district court litigation in hopes of receiving a favorable PTO determination.").

[8] Because of "a lower standard of proof and the broadest reasonable interpretation standard of claim construction" at the PTO, *In re Baxter Int'l, Inc.*, 678 F.3d 1357, 1360-61 (Fed. Cir. 2012), it does not matter that the patent's validity was upheld in a parallel district court proceeding, even if that decision was affirmed on appeal, *id.* at 1364-65.

[9] Even if the patent survives PTO review with amended claims, the original claims are cancelled, *i.e.*, rendered invalid. *See Fresenius*, 721 F.3d at 1339-40.

for liability in a patent case – offends Article III because it allows an agency to dispose of "a private right, that is, the liability of one individual to another under the law as defined." *Crowell*, 285 U.S. at 51.

The fact that district courts might still adjudicate whether the defendant infringes the patent and whether the patent is valid – if the PTAB happens to uphold the challenged claims – does not cure the constitutional problem. An example will illustrate why. Suppose a trespass claim arises under the law of a jurisdiction in which consent is an affirmative defense.[10] Given that the *prima facie* trespass claim must be adjudicated in an Article III tribunal, it would be odd to conclude that Congress could nonetheless delegate to an agency the question of consent with the effect that a trespass suit must be dismissed if the agency found that the plaintiff consented to entry. When agencies decide questions that require the dismissal of a case, courts are left with nothing to adjudicate, and the plaintiff is denied its day in an Article III forum.

The effect in the patent context is the same: Congress impermissibly enabled an agency to "oust the jurisdiction of [a] court to which the [patent] owner might apply for an adjudication of his rights." *McCormick Harvesting Mach. Co. v. C. Aultman & Co.*, 169 U.S. 606, 611-12 (1898). Even if district courts might

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[10] *Cf. Envtl. Processing Sys., L.C. v. FPL Farming Ltd.*, 457 S.W.3d 414 (Tex. 2015) (reversing a lower court's holding that consent to trespass is an affirmative defense in Texas after concluding that the lack of consent is part of the plaintiff's *prima facie* case).

have something meaningful left to do in some infringement cases running in parallel with PTAB proceedings, and even though some decisions in parallel infringement cases are not rendered null by the PTAB, the IPR scheme still cannot stand. "A statute may no more lawfully chip away at the authority of the Judicial Branch than it may eliminate it entirely." *Stern*, 546 U.S. at 502-03.

B. PTO Expertise Does Not Justify The PTAB's Authority To Bind Federal Courts.

1. Expertise Does Not Allow Agencies To Take The Place Of Courts When Private Rights Are At Issue.

A counterargument respondents are likely to advance is that the PTO possesses expertise with respect to patent validity that makes agency adjudication permissible in this case. The PTO does play an important role in a "particularized area of law," *Stern*, 564 U.S. at 489 n.6, and this specialization was central to the Federal Circuit's rejection of a prior Article III challenge to IPR, *see MCM Portfolio*, 812 F.3d at 1291 ("It would be odd indeed if Congress could not authorize the PTO to reconsider its own decisions."). And, to be sure, this Court has referred to the PTO's "special expertise." *Kappos v. Hyatt*, 132 S. Ct. 1690, 1700 (2012).

Nonetheless, while this Court has deferred to agency expertise in deciding whether a claim may be adjudicated outside an Article III court, *e.g.*, *Schor*, 478 U.S. at 855-56, it has done so when "the magnitude of

any intrusion on the Judicial Branch can only be termed *de minimis*," *id.* at 856. This is not such a case. When a plaintiff is attempting to exercise its rights under a patent, it is asserting a property right via a claim stemming from the common law, necessitating an Article III forum for the claim's resolution. *Cf.* Nelson, *supra*, at 578 (describing the "vest[ing]" or rights granted by land patents, whereby rights could not be taken away without a judgment of a court, even though an agency was responsible for the initial grant); *see also* Act of Apr. 10, 1790, § 5, 1 Stat. 109, 111 (empowering "defendant[s]" in patent infringement cases to make pleas to "repeal . . . patents" via an "oath or affirmation made before the judge of the district court"). Infringement causes of action, therefore, do not fall within the sphere of "a limited regulatory objective within the agency's authority." *Stern*, 564 U.S. at 490.

That is not to say that the PTO's expertise can never be invoked to address validity of a patent after its grant. Indeed, post-issuance proceedings can "help[] protect the public's 'paramount interest in seeing that patent monopolies . . . are kept within their legitimate scope.'" *Cuozzo*, 136 S. Ct. at 2144 (quoting *Precision Instrument Mfg. Co. v. Auto. Maint. Mach. Co.*, 324 U.S. 806, 816 (1945)). More generally, certain "curative" statutes have withstood constitutional scrutiny. *See, e.g.*, *Graham v. Goodcell*, 282 U.S. 409, 428-31 (1931); *see also Cuozzo*, 136 S. Ct. at 2144; *cf.* Mark D. Janis, *Rethinking Reexamination: Toward a Viable Administrative Revocation System for U.S. Patent Law*, 11 Harv. J. L. & Tech. 1, 93-122 (1997) (discussing possible

post-issuance review schemes that are unlikely to raise constitutional problems). For example, Congress could create an opposition proceeding that would prevent a patent from being enforceable until it undergoes third-party challenges to validity within a defined period after a provisional grant. *Cf.* 15 U.S.C. § 1063 (2006) (setting forth the process of opposition to trademark registration).

But the IPR scheme goes well beyond empowering the PTO to correct its own mistakes, instead installing the PTAB as a kind of specialized quasi-court authorized to make determinations that are binding on Article III courts in which these questions have traditionally been adjudicated. In addition to the effects already discussed, *supra* Section III.A, the IPR statute includes an estoppel provision stating that an IPR petitioner "may not assert either in a civil action arising . . . under section 1338 of title 28 or in a proceeding before the International Trade Commission . . . that the claim is invalid on any ground that the petitioner raised or reasonably could have raised during that [IPR]." 35 U.S.C. § 315(e)(2). This subsection reinforces the conclusion that the IPR statute has gone beyond error correction and empowered the PTAB to function as an alternative adjudicatory forum for cases in the district courts.

2. The PTAB's Role In IPRs Extends Beyond Functions That Expert Agencies Have Traditionally Been Permitted To Exercise.

The PTAB's role under the IPR statute with respect to private rights is unlike those exercised even by expert agencies in other contexts. The PTO's singular power to effectively decide patent infringement suits in a plenary fashion by invalidating patents lies in stark contrast to, first, the role of an agency under the doctrine of primary jurisdiction, under which "the federal courts have developed the practice of using their *discretionary power* to decide that certain issues otherwise properly in federal court must be litigated before a federal administrative agency," Sidney A. Shapiro, *Abstention and Primary Jurisdiction: Two Chips Off the Same Block – a Comparative Analysis*, 60 Cornell L. Rev. 75, 79 (1974) (emphasis added); *see Clark v. Time Warner Cable*, 523 F.3d 1110, 1114 (9th Cir. 2008) ("The primary jurisdiction doctrine allows courts to stay proceedings or to dismiss a complaint without prejudice pending the resolution of an issue within the special competence of an administrative agency. A court's invocation of the doctrine does not indicate that it lacks jurisdiction. Rather, the doctrine is a 'prudential' one, under which a court determines that an otherwise cognizable claim implicates technical and policy questions that should be addressed in the first instance by the agency with regulatory authority over the relevant industry rather than by the judicial branch." (quoting *Reiter v. Cooper*, 507 U.S. 258, 268-69

(1993)). Under the IPR statute, however, courts lack any discretion whether or not to defer to the agency, and effectively lose jurisdiction upon PTAB invalidation of the asserted patents.

Second, the PTAB's role extends beyond that played by agency determinations that could foreclose litigation in courts under traditional issue or claim preclusion principles. For example, a preclusive effect of a prior determination by an agency is subject to standard rules of *res judicata*, such as identity of issues, *B & B Hardware, Inc. v. Hargis Indus., Inc.*, 135 S. Ct. 1293, 1305-08 (2015), and might be avoided if there is a "compelling showing of unfairness," *id.* at 1309 (quoting *Restatement (Second) of Judgments* § 28, Comments *g* and *j*, at 283-84 (1980)); *see also id.* at 1306 ("Ultimately, [Trademark Trial and Appeal] Board decisions on likelihood of confusion . . . should be given preclusive effect on a *case-by-case basis*." (quoting A. LaLonde, *Gilson on Trademarks* § 11.08[4][i][iii][B], p. 11-319) (2014)) (emphasis added). But under the IPR scheme, PTO decisions of invalidity effectively bind district courts even if the specific issues litigated were not the same, and there is no case-by-case analysis or an unfairness out. *Cf. ePlus*, 790 F.3d at 1315 (concluding that finality gamesmanship under the current regime can be "just plain unfair") (Moore, J., dissenting from denial of rehearing en banc).[11] In addition, while

[11] In contrast, the International Trade Commission's invalidity determinations are not binding on future tribunals. *Tandon Corp. v. U.S. Int'l Trade Comm'n*, 831 F.2d 1017, 1019 (Fed. Cir. 1987).

PTAB determinations of invalidity dispose of concurrent litigation in the federal courts, court determinations of invalidity have no preclusive effect of any kind on the PTO. *See Baxter*, 678 F.3d at 1360-61.

Third, the role of the PTAB under the IPR system extends far beyond that of agencies functioning as "an adjunct to the [district] court" in cases involving private rights, whereby "the 'essential attributes' of the judicial decision must remain in an article III enforcement court." Richard H. Fallon, Jr., *Of Legislative Courts, Administrative Agencies, and Article III*, 101 Harv. L. Rev. 915, 924 (1988) (citing *Crowell*, 285 U.S. at 50-51); *see Stern*, 564 U.S. at 489 n.6 ("[T]he administrative adjudicator had only limited authority to make specialized, narrowly confined factual determinations regarding a particularized area of law and to issue orders that could be enforced only by action of the District Court.") (discussing *Crowell*). Under the IPR statute, the PTAB is more than an adjunct and more, even, than a district court's equal. Instead, the PTAB makes determinations that bind the courts. *See supra* Section III.A. Notably, the PTAB's decisions are not subject to *de novo* review by a district court and require no court action for enforcement. *See, e.g.*, Joint Stipulation of Dismissal at 2, *elcommerce.com v. SAP AG*, 745 F.3d 490 (Fed. Cir.), *vacated*, 564 Fed. App'x 599 (Fed. Cir. 2014) (en banc) (mem.) (No. 11-1369), ECF No. 50 (jointly moving to dismiss an appeal of an infringement case where the PTAB invalidated the asserted patents and "no appeal [of the PTAB's decision] was filed").

3. The Statutory Scheme At Issue Breaks With The Historical Practice Of *De Novo* Review Of PTO Determinations.

Before the advent of recently adopted post-issuance proceedings, Congress has long given parties aggrieved by PTO determinations an option to challenge the agency in a district court. Thus, the PTAB's power to decide validity of issued patents subject only to deferential appellate review, 35 U.S.C. § 141(c) (2012); *see Dickinson v. Zurko*, 527 U.S. 150, 152-53 (1999), can be contrasted – for example – with challenges to the PTO's decisions under § 145, the section of the Patent Act at issue in *Hyatt*, 132 S. Ct. at 1700. That section, titled "Civil action to obtain a patent," grants patent applicants the right to challenge the PTO's rejection of their desired patent claims in a district court, and empowers the court to take evidence that was not before the PTO and make *de novo* determinations of validity. *Hyatt*, 132 S. Ct. at 1694-95; *see id.* at 1696 ("The PTO, no matter how great its authority or expertise, cannot account for evidence that it has never seen."). In contrast to the IPR scheme, § 145 provides a model for the PTO's functioning that is consistent with the role of the agency as an adjunct to an Article III court.

Notably, *de novo* review of PTO determinations has deep historical roots. *See Butterworth v. United States ex rel. Hoe*, 112 U.S. 50, 61 (1884) (discussing the predecessor statute to § 145); *see also Hyatt*, 132 S. Ct. at 1697-98. When the 1952 Patent Act granted to the PTO, for the first time, the power to cancel claims of an

issued patent without the applicant's consent[12] in a so-called interference proceeding, Congress allowed for *de novo* review in district court of that decision under 35 U.S.C. § 146,[13] the section that paralleled, and was consistent with, § 145; *see Troy v. Samson Mfg. Corp.*, 758 F.3d 1322, 1325-28 (Fed. Cir. 2014); *cf. Executive Benefits Ins. Ag'cy v. Arkison*, 134 S. Ct. 2165, 2171 (2014) (upholding the power of bankruptcy courts to adjudicate *Stern* claims because of availability of *de novo* review in district courts, which also enter final judgments). As noted by one of the 1952 Act's drafters, this power of "cancellation of the claims involved from the patent . . . is new in substance and is made possible by the amplification of the right of review of the patentee provided for in section 146." P.J. Federico, *Commentary on the New Patent Act*, 75 J. Pat. & Trademark Off. Soc'y 161, 193 (1993) (reprinted from Title 35, United States Code Annotated (1954 West Publishing Co. ed.)). The IPR statute breaks with this long practice.

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[12] A patentee can voluntarily request that the PTO replace a patent with a reissued one that reflects a correction of some error in the original patent. *See* 35 U.S.C. § 251(a) (2012). This proceeding, by which the PTO corrects a defective patent with the patentee's consent, is not relevant here.

[13] Act of July 19, 1952, Pub. L. No. 82-593, § 146, 66 Stat. 792, 803 (1952). This section was amended in 2011, as interferences were replaced with so-called "derivation" proceedings. 35 U.S.C. § 146 (2011). The new § 146, however, still allows the party aggrieved by the PTO's decision a "remedy by civil action" in district court. *Id.*

Under the challenged scheme, the PTAB wields significant power *vis a vis* Article III courts, and does so in a context in which private rights are implicated.

C. The PTAB's Invalidity Determinations Are Not Collateral, But Central, To Infringement Suits, And Are Designed To Preempt District Court Adjudication Of The Same Questions.

Another argument likely to be advanced in support of the IPR statute is that court proceedings can sometimes be mooted by collateral actions of agencies without offending Article III. For example, a case might become moot when an agency withdraws a prior decision that is subject to a court challenge and replaces it with another decision. *See, e.g.*, *Theodore Roosevelt Conservation P'ship v. Salazar*, 661 F.3d 66, 79 (D.C. Cir. 2011) (holding that it is "impossible to grant any prospective relief" for alleged non-enforcement of an agency decision that was superseded, and dismissing the appeal as moot); *Ctr. for Sci. in the Pub. Interest v. Regan*, 727 F.2d 1161, 1164 (D.C. Cir. 1984) (dismissing as moot an appeal challenging a rule that was superseded); *see* Note, *"Moot" Administrative Orders*, 53 Harv. L. Rev. 628 (1940).

The statutory scheme at issue in this case, however, is different. Here, an agency resolves the very same issues of patent validity that district courts are empowered to adjudicate in the course of infringement suits. Under the statutory design, the PTAB

proceeding is not collateral to, but can be intimately connected with and frequently triggered by, "Action[s]" for patent infringement. 35 U.S.C. § 315(b). PTAB decisions are made in trial-like proceedings often implicating, as here, the same two parties that are involved in parallel district court litigation. *See supra* Section III.A. This Court, indeed, acknowledged the IPR's function of "helping resolve concrete patent-related disputes among parties." *Cuozzo*, 136 S. Ct. at 2144. But the PTAB can do a lot more under the IPR statute than merely "help." It can make determinations that a district court in a parallel proceeding has no discretion to reject, even if the suit already reached advanced stages and even if the court already entered judgment that the patentee is entitled to retrospective relief. *See, e.g.*, *Ultratec, Inc. v. CaptionCall, LLC*, Nos. 2016-1708, 2016-1709, 2016-1715, 2017 WL 3687453, at *1 (Fed. Cir. Aug. 28, 2017); *Fresenius*, 721 F.3d at 1340-44; *Translogic Tech., Inc. v. Hitachi, Ltd.*, 250 Fed. App'x 988 (Fed. Cir.) (unpublished), *cert. denied*, 555 U.S. 1045 (2008).

In such circumstances, the PTAB steps into the shoes of a court on certain questions of invalidity and takes over its role to "render dispositive judgments." Frank H. Easterbrook, *Presidential Review*, 40 Case W. Res. L. Rev. 905, 926 (1989). The dispositive effect of PTAB determinations on co-pending cases is not happenstance of agency vicissitudes, but a part of the statutory design. The Constitution cannot countenance an adjunct role for Article III courts in the adjudication of

the private rights embodied in the patent infringement cause of action.

IV. The IPR Statute Offends The Principle Of Separation Of Powers By Allowing An Agency To Direct A Court How To Decide A Specific Case.

A. PTAB Determinations Of Invalidity Function As "Rules of Decision" That End Pending Cases.

Coordinate branches may not "prescribe rules of decision to the Judicial Department of the government in cases pending before it." *Plaut v. Spendthrift Farm, Inc.*, 514 U.S. 211, 218 (1995) (quoting *United States v. Klein*, 80 U.S. (13 Wall.) 128, 146 (1872)). Although this principle does not prohibit Congress from amending applicable law so as to affect outcomes in pending cases, *Robertson v. Seattle Audubon Soc.*, 503 U.S. 429 (1992), this Court suggested that Congress may "overstep[] its bounds by granting [a court] jurisdiction to decide the merits of [a] claim, while prescribing a rule for decision that left the court no adjudicatory function to perform." *United States v. Sioux Nation*, 448 U.S. 371, 392 (1980) (citing *Klein*, 80 U.S. (13 Wall.) at 146). Congress has done just that here. While allowing courts to retain jurisdiction over patent cases, it also empowered the PTAB to make determinations that make courts superfluous.

Sioux Nation is instructive on the reach of the separation of powers principles relevant here, and shows

why IPRs violate them. As characterized in *Plaut*, the statute under consideration in *Sioux Nation* "required the Court of Claims . . . [to] review on the merits, without regard to the defense of res judicata or collateral estoppel, a Sioux claim for just compensation from the United States – even though the Court of Claims had previously heard and rejected that very claim." 514 U.S. at 230 (citing *Sioux Nation*, 448 U.S. at 391-92). The Court in *Sioux Nation* concluded that this statute did not offend separation of powers because "it neither brought into question the finality of [the Court of Claims'] earlier judgments, nor interfered with that court's judicial function in deciding the merits of the claim." 448 U.S. at 406. Here, however, the PTAB interfered with the judicial function by effectively terminating a patent case via adjudicating the defense of invalidity, thereby taking away a court's ability to decide the case. Under this scheme, the courts have been relegated to the role of a stalking horse.

B. Rather Than Amend Applicable Law, The IPR Statute Delegates To The PTAB The Power To Pick Winners And Losers In Patent Cases.

This Court's recent decision in *Bank Markazi v. Peterson* reiterated the long-held principle that amendments to applicable law during the pendency of litigation do not offend separation of powers. 136 S. Ct. 1310, 1317 (2016). The law whose constitutionality was upheld in *Bank Markazi* made certain assets subject to attachment for the execution of judgments in a specific

set of cases. *Id.* at 1332-33. This Court reasoned that "a statute does not impinge on judicial power when it directs courts to apply a new legal standard to undisputed facts." *Id.* at 1325. The Court made clear, however, that "Congress could not enact a statute directing that, in 'Smith v. Jones,' 'Smith wins.'" *Id.* at 1323 n.17. In addition, the Court noted that the statute under dispute "facilitates execution of judgments in 16 suits," rather than a single suit, *id.* at 1326, and explained that its decision was driven in part by the tradition of the courts' deference to the coordinate branches in matters of foreign policy, *id.* at 1328-29.

But here, there was no amendment of applicable law, passed by Congress and signed by the President, that had the effect of terminating some group of pending cases. Instead, Congress has delegated to the Executive Branch an unprecedented power, subject only to deferential appellate review, to effectively decide particular patent infringement suits. As discussed throughout, that power has the character of directing a court to decide that, in "Patentee v. Infringer," "Patentee loses," if the PTAB concludes that the claims that are also asserted in litigation are invalid. The intervening determination is not a change in governing law that embodies a new legal standard, but a legal conclusion made by an arm of the Executive Branch that effectively terminates individual patent cases.

V. Adjudication Of Cases Involving Private Rights In Article III Courts Effectuates The Values Protected By The Doctrine Of Separation Of Powers.

In part because of its independence from political whims, the federal judiciary serves as an important safeguard of liberty in its role as a neutral arbiter of private disputes. "This Court consistently has given voice to, and has reaffirmed, the central judgment of the Framers of the Constitution that, within our political scheme, the separation of governmental powers into three coordinate Branches is essential to the preservation of liberty." *Mistretta v. United States*, 488 U.S. 361, 380 (1989). In contrast, a system that reposes the ability to end lawsuits involving private rights in the Executive Branch is fraught with potential of favoritism and raises the specter of a coordinate branch's power to pick winners and losers that has been this Court's concern. *Bank Markazi*, 136 S. Ct. at 1323 n.17; *N. Pipeline*, 458 U.S. at 58 (plurality op.) (characterizing Article III "[a]s an inseparable element of the constitutional system of checks and balances, and as a guarantee of judicial impartiality").

Patent law itself provides an example. Over a decade ago, the PTO Director decided to order reexaminations of patents at issue in high-stakes infringement cases involving lesser-known plaintiffs (Eolas and NTP) and high-powered defendants (Microsoft and RIM – the maker of BlackBerry – respectively). *See* Amy L. Magas, Comment, *When Politics Interfere with Patent Reexamination*, 4 J. Marshall Rev. Intell. Prop.

L. 160, 160 (2004) ("The reexaminations were ordered after an independent or small entity inventor received a substantial judgment against a large company."). Not surprisingly, these decisions "created controversy among patent practitioners," *id.* at 168, and some have argued that the PTO actions "disrupt[ed] the judicial system" because patents were being reexamined "at the same time as [their] validity is examined in a federal district court," *id.* at 170.

Worse yet, the NTP reexamination was marred by allegations of *ex parte* contacts between PTO officials and RIM representatives, and of other undue external influence on the PTO. *See, e.g.*, Dennis Crouch, *RIM v. NTP Continues to Trouble Patent Office*, Patently-O, https://patentlyo.com/patent/2008/05/rim-v-ntp-conti.html (May 12, 2008) ("It is clear . . . that in the months leading up to the NTP settlement, the PTO was feeling a tremendous amount of political pressure from RIM as well as Congress and the Senate."); Kevin E. Noonan, *What the Director's Letter Did Not Say*, Patent Docs, http://www.patentdocs.org/2008/06/what-the-direct.html (June 15, 2008). But in the courts, the picture was different. Judge Spencer, who presided over the NTP-RIM infringement case, made it clear that he would follow binding law even if it meant enjoining RIM from making and selling the BlackBerry in the United States, and would do so in spite of "the politics" and "the lobbying." Catherine Fredenburgh, *Reading the Blackberry Tea Leaves*, Law360, https://www.law360.com/articles/5509 (Mar. 1, 2006) (quoting a transcript of the permanent injunction hearing); *id.* ("[Judge Spencer]

is . . . telling the parties that he will not allow political pressure or media limelight to sway his decision in any way."). Judge Spencer's approach in the BlackBerry litigation is the stuff that Article III is made of.

Even before allegations of impropriety in the NTP reexamination process surfaced, a proposal was made "to minimize influences from the political arena" on high-stakes patent cases. Magas, *supra*, at 179. But a mechanism for doing so already exists. That mechanism is the doctrine of separation of powers, which prevents the political branches from stepping into the shoes of the courts. Indeed, "[j]udicial power . . . is the power of a court to decide and pronounce a judgment and carry it into effect between persons and parties who bring a case before it for decision." *Muskrat v. United States*, 219 U.S. 346, 356 (1911). The statutory scheme at issue in this case contravenes the doctrine of separation of powers because it empowers an agency to decide cases in which private rights are at stake in place of the courts, and it cannot stand in the current form.

CONCLUSION

The IPR statute violates Article III of the Constitution and the separation of powers doctrine by impermissibly entrusting adjudication of private-right

claims to an agency. The judgment of the Federal Circuit should be reversed.

Respectfully submitted,

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